

EXHIBIT I

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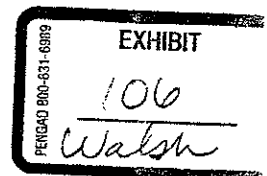
ADAMS GOLF

**Moderator: Patty Walsh
October 23, 1998
1:00 p.m. CT**

Operator: Good day and welcome to this Adams Golf third quarter results conference call.

Today's call is being recorded. At this time for opening remarks and introductions I would like to turn the call over to the Director of Investor Relations, Ms. Patty Walsh, please go ahead ma'am.

Patty Walsh: Good afternoon ladies and gentlemen and welcome to the Adams Golf third quarter earnings release teleconference. With me today are Mr. Barney Adams, Chairman, Chief Executive Officer and President and Mr. Darl Hatfield, Senior Vice President, Finance and Administration and Chief Financial Officer of Adams. As a formality, before we begin I need to point out that any comments made about future performance reflect our best judgement today based on current market trends and conditions. Any such comments or forward looking statements should be understood in the context of our publicly available report filed with the SEC including our prospectus which contains a discussion of various factors we believe may affect our business. Certain factors, which could be expected to affect future performance, include market demand and acceptance of products and business conditions in the golf equipment industry generally. These factors could cause actual future performance to differ materially from current expectations. At this time I'd like to turn the meeting over to Barney Adams.



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Barney Adams: Hello everyone. Yesterday afternoon we announced our third quarter results which Darl will elaborate out in a minute. I'd like to make one comment before Darl gets started and that is in light of the general softening of the golf market we are very positive about those results and I'm going to elaborate on them later but I want to turn it over to Darl just now.

Darl Hatfield: Thanks Barney. Although the third quarter was disappointing in terms of not meeting analyst's original estimates it did however represent a significant increase over the comparable period in 1997. Sales for the third quarter were twenty-three million compared to fourteen point two million in the third quarter of 1997. Sales for the first nine months were eighty-one point three million versus nineteen point seven million in the comparable period of 1997. Aggregate units sold in the third quarter were approximately two hundred and ten thousand. A breakdown of sales by product category for the three and nine months ended September 30th, 1998 is as follows, for the three months, the original sixteen degree lofted tight ((inaudible)) club represented thirty-six point five percent of our revenues. Other lofted fairway woods represented fifty-nine point eight percent and other products which are primarily represented by our custom fitting operations, represented three point seven percent of our revenues. Year to date the original sixteen degree lofted club is forty-two point nine percent of revenues, other lofts are fifty-three point nine and the other product category of three point two percent. The increase in the percentage of net sales represented by other lofted clubs category continues the trend that has occurred over the last three quarters and has been accelerated by the addition of the two wood and to a lesser degree, the eleven wood, both of which were introduced in late August of this year. A breakdown of our sales by geographic territory on a broad basis is as follows, for the three months ended September 30th, 1998, domestic sales represented eighty-five point seven percent of our revenues. International represented fourteen point three percent. For the nine month

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period, domestic represented eighty-nine point two percent and international represented ten point eight percent. Of our domestic sales in the third quarter, direct response sales accounted for seven point eight percent of those revenues with the remainder primarily represented by sales to our retail customers. A further breakdown of our international sales shows that for the three months, Asia represented fifty point five percent, Europe, twenty-eight percent and the rest of the world represented primarily by Canada was twenty-one point five percent. For the nine month period, Asia represented thirty-four point eight percent, Europe was thirty-one point one and the rest of the world was thirty-four point one percent. Gross profit as a percentage of sales for the third quarter decreased to seventy-three point nine percent from seventy-four point seven in the comparable period in 1997 and seventy-seven percent in the second quarter of 1998. The decrease in gross profit is due primarily through a reduction in the average sales price of the tight (wise) club at the wholesale level due to increasing competition in the fairway wood segment and to the liquidation of our demo club inventory in the third quarter. Operating expenses as a percentage of sales equaled forty-six point eight percent and is composed of selling and royalty expense, general and administrative expenses and to a lesser extent, research and development. Selling and royalty expense equaled thirty-one point seven percent of sales for the third quarter of 1998 compared to thirty-nine point one percent in the comparable period in 1997. The biggest component of this expense is advertising which we break down into image based advertising and direct response advertising. Both types of advertising were somewhat higher than expected when expressed as a percentage of sales because of the lower than expected sales volume. In addition, the company incurred start up costs associated with the production of new commercials. General and administrative expenses equaled thirteen point one percent of sales for quarter three as compared to four point two percent for the comparable period in 1997 and ten point nine percent for the first six months of 1998. The increase in G&A expenses as a percentage of sales is primarily due to the lower level of sales in quarter three as compared to the first and second quarter of 1998.

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considering the fixed nature of these expenses. Finally, R&D expense equaled two percent of sales for the third quarter. As a result, net income was eighteen point nine percent of sales or four point three million and year to date, for the first nine months was twenty point five percent of sales or sixteen point six million. That concludes my prepared remarks so I'll turn the call back over to Barney.

Barney Adams: Thanks Darl. You know as I stated previously, if you took our third quarter results and forgetting the comparison of us to us, just took our third quarter results and looked at them in light of the industry my gamble is that an awful lot of companies would trade places with us. This does not mean that we're proud of missing our number but it does mean that we're still a very, very strong company. Now having said that, in our recent press release we talked about the fourth quarter that this market softness is going to continue, there's just a lot of factors out there. But the bottom line is that we'll probably come in at or slightly below break even. Now we knew months ago that we were going to sell our millionth (tight lie) sometime during Q4 of 98. And I think what's remarkable about that is the marketing for this club started less than eighteen months ago. We wanted to figure out a way to say thank you to the American golfers at the same time say thank you to our good retail accounts. So we've come up with a program, started October 15th, it runs for a month, anyone who purchases two (tight lies) during that period gets a one hundred and fifty dollar stand bag absolutely free. As I said, this not only allows us to thank the consumer but it allows us to work with our retail accounts and help them move merchandise off their shelves. At the same time, our new infomercial will view next week and it is going to be accompanied by a new ad campaign. And that's important because at the beginning, when we first did all of our ads, and you have to remember the ads you see for the most part and certainly the infomercial were done back in day one, eighteen months ago. And in those days the issue was big club versus small club. Well little did we know that we were going to change the way fairway woods were designed in the golf industry and that of course is what's happened. So now our issue is

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to differentiate ourselves from other manufacturers who come up with low profile fairway woods. And we've been able to do that on a technical basis that shows that we have a distinctive technical advantage with our design over anybody else on golf. You combine that with the fact that we are also more aggressively showing that we make seven different (lofts). We found out in some of our focus groups that people didn't realize we made all those (lofts) so we're being much more aggressive with the marketing of all of our (lofts). And we have a very strong marketing program going into Q4 of this year and of course will also go into the first quarter and so on of next year for just the (tight lies). Now the other obvious question is 1999, where are we, where are we going, etceteras. And as I've said back in the road show and continue, we're going to introduce a new driver early in 1999. Regardless of how soft the golf market gets the overall market for drivers is still, in the United States, approximately five hundred million dollars. So from our prospective that's what we're focusing on. We see a market opportunity for us, it's significant whether the market is up or down it's still a very significant number and that's what we're concentrating on to help us improve our sales and margin performance in 1999. That's the end of my remarks and we'll be glad to open the call to questions.

Operator: Thank you sir. The question and answer session will be conducted electronically. If you would like to ask a question you may signal by firmly pressing the star key followed by the digit one on your touch tone telephone. We'll proceed in the order that you signal us and we'll take as many questions as time permits. Once again if you do have a question please press the star key followed by the digit one. And we'll take our first question from Brian Lantier of Lehman Brothers.

Brian Lantier: Good afternoon gentlemen, Brian Lantier with Lehman Brothers. I was wondering if Barney if you could specifically comment to some of the ways you're going to address the sales in the gray market going through to the wholesale clubs which you mentioned in your press release?

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Barney Adams: Yeah, we're going to do two things, we are going to have the ability shortly to serialize clubs and the bottom line to that is that we're going to be able to track them any place they go. The second thing is that we are, you know we have legal restrictions, I mean there's only a certain things we can do but within the guidelines and let's say, pushing the guidelines of what we can do legally, we are rewriting all of our sales contracts with our wholesalers to do whatever we can to discourage that action.

Brian Lantier: Great. Do you have any feedback so far on the consumer response to the two wood?

Barney Adams: Yeah it's been a, I have to be honest, I tell you it's been a pleasant surprise. People are, people like their (tied lies) so much that they like to tee off with it and they're raising this club as kind of a club I can hit off the fairway, a club I can hit off the tee. So it's been stronger then I expected.

Brian Lantier: Great. Quick question for Darl, day's sales outstanding, they seem to be inching up a little bit is this in line with what you expected?

Darl Hatfield: They are, have gone up a little bit but as of September 30th it's about forty-four days so yes, we think that's right in line where we would expect.

Brian Lantier: Okay, great. Thank you.

Operator: We'll take our next question from John Weiss at NationsBanc.

John Weiss: Had a couple of questions if I may. First who is the retailer that seems to be obtaining your club in the gray market? What retail price is that retailer offering it at?

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And why is that having such a significant affect on your sales? This is obviously a problem for a lot of golf club manufacturers. And I was also wondering if you could serialize the clubs in a way that those who diverted in the future aren't able to easily obliterate the serial number.

Barney Adams: I'll answer your question in reverse. We think the answer to part B to your question is yes we can do that. We'll have pretty good control over that. Going back to the first part of your question, we have been, there's no secret here but we have been advised by our attorney that we shouldn't mention any names. So I can only say it begins with C and ends with O and it's a membership corporation that comes out of the West Coast United States. Middle initial is T if it helps you any.

John Weiss: Yeah I think I can narrow it down to one or two.

Barney Adams: Well you know, it's like jeopardy John. Here's what happened. I mean these guys have been calls from deviators for several months. This is not new information. But in the last couple of months it increased, not even the last couple of months, I'd say the in the last couple three weeks it increased dramatically. And it just upset a lot of our retail market. We got calls from retail markets saying hey we can't compete, they're selling this thing for, I think they're selling the thing on a graphite shaft for a hundred and forty-nine dollars. We can't make any money selling at that price. And you know, I'll tell you what the accusation was. The accusation really was, and I got this in writing from one of my customers, Oh you guys are a public company. You'll do anything to make your numbers and you guys are really selling to them. And there's a great irony here because we've actually turned down business in that marketplace because we said we weren't going to sell there. But they actually accuse us of it. So now we, now we're kind of in a when do you stop beating your wife situation here. We have to go back and convince our own retailers that even though our clubs are in those stores we didn't sell them to them.

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John Weiss: Thank you.

Barney Adams: You're welcome.

Operator: And we'll take our next question from Dave Turner at Ferris Baker, Watts.

Joe Tecklets: Hi guys, actually Joe (Tecklets) here. Question first on gross margin, Darl can you quantify what the liquidation of the demo clubs did to your gross margin in the quarter? Or how many clubs, I think you said there are two hundred and, how many units in the quarter, two hundred and ten thousand?

Darl Hatfield: Yeah we sold two hundred and ten thousand units in the quarter. Demo clubs represented about thirteen thousand units and they were sold at gross profit obviously that's significantly below what we normally would sell our new clubs for.

Joe Tecklets: But you can't quantify that in terms of basis points off of the, maybe the normalized gross margin?

Darl Hatfield: It would be about twenty points under normal gross margin.

Joe Tecklets: Okay and you said there was a reduction in the average sale price at wholesale, when did that go into affect and maybe how big of a reduction was there?

Darl Hatfield: There was no formal date as to when any kind of a pricing policy went into affect but our average price was somewhat lower this quarter then it has been in previous quarters.

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Joe Tecklets: Is that an ongoing strategy or has that leveled out? Do you have a set price now?

Darl Hatfield: No we think that that probably has leveled out and we don't think that that will be further reduced in the fourth quarter.

Joe Techlets: And also is this a, was this more a direct response or a retail issue and is it across the board? Are you giving discounts to certain retailers for quantity or?

Darl Hatfield: Yes it's on a very selective specific basis.

Joe Techlets: Okay. And lastly Barney, when you say a driver in 1999 are you talking about January? You said early 1999.

Barney Adams: Right our goal is, was and continues to be to have it by January of 1999. The only reason that I will not come out and say ((inaudible)) is because this product, again as I've said all along, is going to be a technically different and superior product. And it has to meet certain standards before we're going to release it. We're very optimistic but we aren't making any definitive comments.

Joe Tecklets: Can you say if there's any titanium in it?

Barney Adams: It's entirely possible Joe.

Joe Tecklets: Okay. Last question Darl, any extended terms out there in the channel as well or have you extended your terms at all?

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Darl Hatfield: No as a general rule we have not ended our terms. There are some situations where, when you view the overall transaction in terms of number of clubs and other terms involved where we did extend the terms somewhat but that's in a very, very small portion of our sales. And those cases it was simply to meet competitive situations.

Joe Techlets: Okay thank you.

Operator: We'll go next to Mitchell Spiegel at DLJ.

Mitchell Spiegel: Yeah a couple quick questions just regarding the industry, could you comment what you're seeing in terms of retail inventory levels and when you think, if there is any sort of build up that should correct itself? And then on the competitive front, in terms of pricing you've made some general comments and we've heard some other golf club manufactures comment about a very difficult environment in terms of pricing. Can you just give me a sense on where you see that, you know, when and whether you see it stabilizing in the next six months?

Barney Adams: Mitchell I wish I had a better crystal ball to be honest with you but I don't. You know a lot of the data about the golf industry, in fact almost all the data about the golf industry comes from people who sell woods, irons, wedges, putters, you know even golf balls, etceteras. So the comments tend to be inclusive of all products. We only concentrate on fairway woods. What we know about fairway woods as far as the market is concerned is that at the very least all other manufactures have decided that our methodology for making a fairway must be right because they're all doing the same thing that we are. And that's caused a little confusion in the marketplace and it's caused a little confusion with our retailers. And we, we anticipated this but I suppose the most honest answer I can give you is I don't think we thought that every single company that makes clubs was going to jump on our bandwagon. We knew some of them were but that's

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what's happened. Now from the same, but the answer to that, I mean the settling out for us, we're not so much looking for the settling out. And this is what I eluded to earlier is that we've put together a very clear and concise advertising program that shows that we don't care what they do we have a distinctive advantage in our design. And that's really our approach to the thing is that we have to differentiate and sell what we can do.

Mitchell Spiegel: Okay and then I guess, while a small portion of your revenue has come from Europe, do you have any sense of there's been some comment as to there's a slow down in the golf market across Europe, some of it related to El Nino and just other general malaise. Can you comment on that?

Barney Adams: I'm afraid it's the same answer. I'm afraid because we're so isolated that another company that would sell woods, irons, wedges, putters, etceteras would probably have a better feel for it then we would. We are just getting started in Europe and Asia as you can see by the significant increase in international sales. So again, it's more of our goals visavis what percentage of sales we want to accomplish in the next year.

Mitchell Spiegel: Great, thank you very much.

Operator: We'll go next to Fred Kull of Fred Kull Financial Advisors.

Fred Kull: Yes sir, if you could tell me what your free cash flow was in the quarter just ended, what your guess pre-cash flow will be in Q4 assuming it's flat? And number three, the rational for using your precious cash as a young company fighting larger competitors in an uncertain future to buy in shares where there's simply no support what ever for virtually any of the smaller companies.

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Darl Hatfield: Concerning the cash flow we generated about two million dollars to cash flow from operations this quarter. Next quarter, again we don't comment on specifics but as we indicated we'll be at or slightly above the breakeven level on earnings. And as you might suspect our cash flow should be a positive amount based on that but will not be significant.

Barney Adams: Fred I'll answer part three, this is Barney Adams. I understand your question. I don't think there's a good answer for it. I can only tell you that from our prospective based on hundreds of phone calls from investors, from investment bankers, etceteras we were probably damned if we did and damned if we didn't. And I wish I had a more intelligent answer for you then that but that's it. I suppose that the best news is that thus far we're able to use a very small percentage of our cash in this objective. But I mean, I still understand the, one of my very good friends who's a financial advisor expressed what you just expressed to me in much stronger terms. So I understand your question.

Fred Kull: I felt constrained. What will the attitude going forward? Is this an open question going forward or sort of what's the feeling, the next step on this issue?

Barney Adams: It's still alive but our concentration is and always has been on doing a better job running the company. And I guess, again giving the constraints I'm under and so on that the buy back program is still in affect but I suppose like all programs it's under constant scrutiny.

Fred Kull: Thank you.

Operator: We'll take our next question from Matthew Ziehl of Salomon Brothers Asset Management.

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Matthew Ziehl: Yes, hi. Just a following up a question about the share repurchase program, it's, obviously it's quite accretive to earnings per share to, or somewhat accretive to complete the program. Is that your intent to complete the program especially with the stock around four dollars?

Darl Hatfield: We still have an authorization in place by our board to repurchase up to two million shares. We've purchased as we indicated six hundred and fifty-seven thousand to date and we'll re-evaluate that based on market conditions. But that repurchase authorization does remain open and we will continue to consider it.

Matthew Ziehl: Okay thanks.

Operator: We'll go next to follow up question from John Weiss at NationsBanc.

John Weiss: I had a couple of questions about the bag promotion, first what is the cost to you of providing a bag? Second, how do you make sure the retailer really has sold two clubs to a customer? And third, an ad you had I believe in the *Wall Street Journal* yesterday or two days ago encouraged the consumer to call you directly, how do the retailers respond to that suggestion as opposed to the alternative of the customer obtaining the bag through a retail purchase?

Barney Adams: John suffice to say that when we did this program we did a serious amount of homework to obtain a very, very high quality bag at a very good price. Secondly, as far as directing consumer inquiries into here, as in all of our efforts, what we try and do is deflect the sale to the retail level. This is not, we don't want to do this in house but we have increased our capability significantly in the last six months with our investment in infrastructure to handle these calls to divert them to the right retail accounts, the participating retail accounts and so on. So there is some value to directing calls in here.

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And then as far as making sure the retail actually sells the two bags, you know we do have a system in place, I mean we rehearsed this, I guess for a lack of a better word. I suppose if anybody really wanted to cheat us they could. I mean you can always cheat any system. But again, we're working with participating retailers and we have agreements with them.

John Weiss: So Barney when a call comes in you automatically refer the caller to a retailer? What if the customer just wants to buy it over the phone?

Barney Adams: Yeah if he's up in (DeBuke) and the nearest retailer is, you know, a hundred miles away we'll deal with them directly. But we try, our objective is to try and divert them to a retailer.

John Weiss: Thank you.

Operator: We'll go next to Roy McKay with Scudder Kemper.

Roy McKay: Yeah I'm just a little bit concerned Barney to hear you back away from, what I hear you saying is that sure you've got a two million share repurchase in place but you don't have any intention in doing it. Then you dodge the question of whether or not you're going to complete that program. You know, you've seen the market value of your corporation, which the public invested in, drop a hundred and thirty million dollars. The stock is between three and four, I can't imagine why you wouldn't double the repurchase program, if you really had the interest of the shareholders in mind.

Barney Adams: Well you know here I am, I'm damned if I do and I'm damned if I don't. We have a repurchase program in place. I don't think I heard anybody say we were going to

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stop it. I think what you heard us say is that if I called up twenty financial advisors, ten would tell me it's a good idea and ten would tell me it's a dumb idea.

Roy McKay: Well that's why you're the CEO, you have to decide what's the best interest of the shareholders.

Barney Adams: That's correct and I understand the emphasis of the word shareholders and there is a stock repurchase program in place and it has not been changed from when we first announced it.

Roy McKay: You want to see the (shortness) just go to two million shares just cancel your program.

Barney Adams: I appreciate your input.

Operator: Once again if you would like to ask a question you may signal by pressing the star key followed by the digit one. We'll go next to Jeff Klein, a private investor.

Jeff Klein: Good afternoon. I'm just interested to know if there's any discussion or investment in iron technology that might mirror what you've done with the fairway woods?

Barney Adams: Yeah, yeah there is Jeff. It's an ongoing project but our game plan has always been to introduce one category at a time so we can focus on it and focus on gaining market share. So you're absolutely right, there is a program internally on irons. In fact we've actually did prototypes as to when they're going to be running and when they're going to introduce I can't tell you because right now the first marketing emphasis is going to be on the driver.

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Jeff Klein: Are these prototypes or the possibilities, are these going to be completely different looking or different reacting type of irons?

Barney Adams: Yeah anything we introduce will be with a technically, technical, excuse me, with a technical story that's a benefit to the golfer.

Jeff Klein: Okay very good, thanks.

Barney Adams: Sure.

Patty Walsh: Ladies and gentlemen we have time for just one more call, question before we end the call.

Operator: Ms. Walsh it appears there are no further questions at this time. I'd like to turn the program back over to you.

Patty Walsh: Okay. Thank you. On behalf of Barney Adams, Darl Hatfield and myself I'd like to thank all of you for participating in our teleconference today. We plan to continue to hold quarterly teleconferences following each earnings release and you'll be notified by fax a few days prior to the call. Thank you again and good afternoon.

Operator: That concludes today's conference call, thank you everyone for your participation.

END

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EXHIBIT J

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IN RE: ADAMS GOLF, CA. NO.
INCORPORATED 99-371-KAJ
SECURITIES LITIGATION

Wednesday, August 9, 2006

Oral deposition of GARY L. FRAZIER,
was taken pursuant to Notice, at the
offices of SIMPSON THACHER & BARTLETT LLP,
425 Lexington Avenue, New York, NY
10017-3954 on the above date before
DEBRA G. JOHNSON-SPALLONE, CSR, RPR,
Notary Public, and a Federally Approved
Reporter of the United States District
Court commencing at or about 10:40 a.m.

RSA/VERITEXT COURT REPORTING COMPANY
1845 Walnut Street, 15th Floor
Philadelphia, PA 19103
(215) 241-1000 (888) 777-6690

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1 before they sent memos out 02:43:38PM
 2 to channel members from 02:43:40PM
 3 Beebe or from Gonsalves or 02:43:42PM
 4 others talking about, or 02:43:47PM
 5 reclarifying, their position 02:43:49PM
 6 on gray marketing. 02:43:50PM
 7 I summarize later some 02:43:53PM
 8 of the steps -- this is on 02:43:56PM
 9 page 14 -- where I felt this 02:43:57PM
 10 -- in paragraph 44, that I 02:44:04PM
 11 feel these steps taken were 02:44:06PM
 12 reasonable and effective. 02:44:07PM
 13 So, I don't -- based 02:44:09PM
 14 on the record, they may -- 02:44:11PM
 15 they obviously perceived it, 02:44:13PM
 16 but I don't believe, as a 02:44:14PM
 17 marketing expert, that they 02:44:16PM
 18 were slow to react. 02:44:19PM
 19 --- 02:44:19PM
 20 BY MR. COLLINS: 02:44:19PM
 21 Q. Okay. 02:44:20PM
 22 One more document, 02:44:20PM
 23 Exhibit-299, which is a memo to Scott 02:44:22PM
 24 Levins, Eddie Tate. 02:44:26PM

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1 A. Thank you. 02:44:29PM
 2 Q. And the memo goes on awhile, 02:44:33PM
 3 but I am directing your attention to a 02:44:34PM
 4 particular paragraph on the second page. 02:44:36PM
 5 A. Okay. 02:44:38PM
 6 Q. Paragraph at the bottom. 02:44:41PM
 7 Middle bottom; as the Costco issue 02:44:43PM
 8 worsened, retailers complained that Adams 02:44:45PM
 9 was both evasive and slow with their 02:44:47PM
 10 response. Retailers will point out how 02:44:49PM
 11 other manufacturers who were quick to 02:44:53PM
 12 address, fix and remedy the problems, 02:44:56PM
 13 while we appeared to be myered in a myriad 02:44:58PM
 14 of other conflicts. With this delay 02:45:02PM
 15 came less in support from many of our 02:45:03PM
 16 retailers, especially once word of 02:45:05PM
 17 Costco's inventories growth spread. 02:45:08PM
 18 That statement by Eddie 02:45:11PM
 19 Tate, who was Florida regional account 02:45:14PM
 20 coordinator, as indicated here, that also 02:45:16PM
 21 has no impact on your -- on your opinion 02:45:18PM
 22 here? 02:45:22PM
 23 MR. GLUCKOW: Objection. 02:45:23PM
 24 Vague and ambiguous. 02:45:23PM

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1 You can answer. 02:45:25PM
 2 THE WITNESS: I read 02:45:25PM
 3 it. Everything I read I 02:45:26PM
 4 considered. 02:45:28PM
 5 Ochoa had mentioned 02:45:32PM
 6 in her deposition, and I 02:45:34PM
 7 agree, that gray marketing 02:45:35PM
 8 effects different 02:45:39PM
 9 manufacturers differently 02:45:39PM
 10 in the same industry. 02:45:41PM
 11 In my opinion, as a 02:45:43PM
 12 marketing expert, the steps 02:45:46PM
 13 taken by Adams to deal with 02:45:47PM
 14 gray market sales were 02:45:50PM
 15 effective, and that they 02:45:52PM
 16 needed to focus elsewhere on 02:45:56PM
 17 marketing challenges much 02:45:58PM
 18 more important to the firm 02:46:01PM
 19 in ensuring that it's going 02:46:03PM
 20 to be successful in this 02:46:04PM
 21 industry. 02:46:06PM
 22 --- 02:46:06PM
 23 BY MR. COLLINS: 02:46:06PM
 24 Q. All right. 02:46:06PM

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1 I don't want to be 02:46:07PM
 2 argumentative, and I am not challenging in 02:46:08PM
 3 this deposition, sir. 02:46:12PM
 4 Your life background in 02:46:13PM
 5 marketing -- 02:46:17PM
 6 A. I am used to dealing with my 02:46:17PM
 7 wife, so, go ahead. 02:46:18PM
 8 Q. -- but you have said earlier 02:46:20PM
 9 today, Professor, that, unlike some pointy 02:46:22PM
 10 headed intellectual in the classroom, whom 02:46:28PM
 11 might not deal with real world situations, 02:46:30PM
 12 you are somebody who rolls up your sleeves 02:46:35PM
 13 and you dealt with corporate management 02:46:37PM
 14 and you have tried to see the way 02:46:40PM
 15 marketing theory works in the real world. 02:46:45PM
 16 A. Right. 02:46:47PM
 17 Q. Is that fair? 02:46:47PM
 18 A. Right. 02:46:49PM
 19 Q. I am struck by how 02:46:52PM
 20 cavalierly, with all due respect, you are 02:46:57PM
 21 introduced to a flood of statements by 02:46:59PM
 22 Costco management -- now, that would be 02:47:05PM
 23 shocking. 02:47:07PM
 24 I am struck by how you seem 02:47:07PM

65 (Pages 254 to 257)

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1 trenches in October '98 or 03:11:21PM
 2 March '99, you don't have 03:11:24PM
 3 all of the data. You don't 03:11:25PM
 4 have time to really reflect 03:11:26PM
 5 on things. You don't -- you 03:11:28PM
 6 don't have two weeks to sit 03:11:31PM
 7 down and only read documents 03:11:32PM
 8 related to this one minor 03:11:33PM
 9 issue when you have got so 03:11:34PM
 10 many other issues bombarding 03:11:36PM
 11 you in the marketing like 03:11:37PM
 12 product, price, place, 03:11:38PM
 13 promotion. It is not easy 03:11:40PM
 14 to make the calls that they 03:11:41PM
 15 did. 03:11:43PM
 16 I am not -- but the key 03:11:43PM
 17 here for me is; I have the 03:11:46PM
 18 luxury of having a lot of 03:11:50PM
 19 information. I have the 03:11:51PM
 20 background. I have the 03:11:52PM
 21 experience. I have 03:11:53PM
 22 expertise. I have facts 03:11:53PM
 23 in this case to render my 03:11:55PM
 24 opinions, and that is what 03:11:57PM

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1 I've have done. 03:11:58PM
 2 --- 03:11:58PM
 3 BY MR. COLLINS: 03:11:58PM
 4 Q. Okay. 03:11:58PM
 5 Now, are you familiar with 03:12:10PM
 6 the fact that in 1997, 10K -- 03:12:12PM
 7 A. Of Callaway? 03:12:18PM
 8 Q. Callaway. 03:12:19PM
 9 MR. GLUCKOW: Stop 03:12:20PM
 10 reading his mind. Let him 03:12:21PM
 11 get his question out. 03:12:23PM
 12 THE WITNESS: Sorry. 03:12:24PM
 13 --- 03:12:24PM
 14 BY MR. COLLINS: 03:12:24PM
 15 Q. Callaway addressed gray 03:12:26PM
 16 marketing as a risk factor of Callaway. 03:12:28PM
 17 Are you generally familiar 03:12:36PM
 18 with that? 03:12:37PM
 19 A. I know -- I know they raised 03:12:37PM
 20 it as a negative. 03:12:38PM
 21 Q. Okay. 03:12:39PM
 22 At that time, how extensive 03:12:42PM
 23 was gray marketing at Callaway, if you 03:12:44PM
 24 know? 03:12:46PM

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1 MR. GLUCKOW: Objection. 03:12:46PM
 2 Overbroad, vague and 03:12:47PM
 3 ambiguous. Calls for 03:12:48PM
 4 speculation. 03:12:50PM
 5 But you can answer. 03:12:50PM
 6 Outside the scope. 03:12:51PM
 7 You can answer. 03:12:52PM
 8 THE WITNESS: Yeah, I 03:12:52PM
 9 don't know for sure. 03:12:53PM
 10 --- 03:12:53PM
 11 BY MR. COLLINS: 03:12:53PM
 12 Q. Now, what does it mean to 03:12:53PM
 13 you that Callaway, in its '97 10K, raised 03:12:55PM
 14 it as a negative? 03:12:59PM
 15 Does that have any impact on 03:13:00PM
 16 your opinion? 03:13:02PM
 17 A. Yes, for Callaway or -- 03:13:02PM
 18 Let me put it this way. 03:13:04PM
 19 And, again, you know, I do 03:13:06PM
 20 agree with Ochoa on the point that, gray 03:13:09PM
 21 market sales attract different firms from 03:13:12PM
 22 the same industry differently. 03:13:14PM
 23 Callaway had been the only 03:13:15PM
 24 game in town for large head drivers since, 03:13:17PM

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1 like, '91. It was not until '97/'98 that 03:13:21PM
 2 others started to introduce a lot of their 03:13:24PM
 3 clubs. 03:13:27PM
 4 Callaway was it. They were 03:13:27PM
 5 not only hot over a year or two. They 03:13:29PM
 6 were there, and they had irons and putters 03:13:32PM
 7 and drivers and balls and everything else. 03:13:34PM
 8 A gray marketer, a diverter, 03:13:38PM
 9 will always be more attracted to products 03:13:40PM
 10 from a Callaway than they would to an 03:13:43PM
 11 Adams, because they are easier to sell, 03:13:47PM
 12 and as brand strength, it has brand 03:13:49PM
 13 prestige. It has brand awareness. 03:13:53PM
 14 If a golf shop did not 03:13:54PM
 15 carry, Callaway; oh, my God, what did I do 03:13:56PM
 16 to deserve this? Because they'd have no 03:14:00PM
 17 credibility with many golfers. 03:14:03PM
 18 So, is that surprising to me 03:14:05PM
 19 with those characteristics that there be 03:14:06PM
 20 tremendous pressure for diverters to 03:14:06PM
 21 acquire Callaway clubs and get them to 03:14:09PM
 22 anyone? 03:14:11PM
 23 So, given its level of 03:14:11PM
 24 sales, over 900,000,000; given its brand 03:14:13PM

EXHIBIT K

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF DELAWARE

3 - - -
4 IN RE: ADAMS GOLF, INC. :
5 SECURITIES LITIGATION :
6

7 X

8 ORAL DEPOSITION

9 OF

10 CHRISTOPHER M. JAMES

11 Friday, August 11, 2006

12 - - -

13 Oral deposition of CHRISTOPHER M.
14 JAMES, held at the offices of AKIN GUMP
15 STRAUSS HAUSER & FELD, LLP, 590 Madison Avenue,
16 New York, New York, commencing at 8:30 a.m.,
17 reported by Pamela Harrison, RMR, CRR, CSR and
18 Notary Public.

19 - - -
20
21
22

23 RSA/VERITEXT COURT REPORTING COMPANY
24 1845 Walnut Street, 15th Floor
Philadelphia, PA 19103
(215) 241-1000 (888) 777-6690

CHRISTOPHER M. JAMES

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1 Q. Are there models that can be 05:21:20p
 2 used that test materiality on the basis of 05:21:21p
 3 volume or some combination of volume and price 05:21:25p
 4 movement? 05:21:29p
 5 A. I mean, I have not seen that 05:21:37p
 6 analysis done in the context of, say, a damage 05:21:40p
 7 analysis. I have seen some academic studies 05:21:43p
 8 that ask the question of whether information has 05:21:49p
 9 an effect on trading volume. 05:22:01p
 10 Q. And do you have any opinion as 05:22:11p
 11 to the usability or appropriateness of those 05:22:13p
 12 models? 05:22:17p
 13 A. I think the appropriateness 05:22:20p
 14 would depend on the purpose of their being 05:22:23p
 15 used. I would have to go back and look at some 05:22:31p
 16 of those papers. Most of the paper -- the 05:22:36p
 17 academic literature in finance is more focused 05:22:40p
 18 on how information impacts value as opposed to 05:22:48p
 19 trading volume. Although, there are a few 05:22:53p
 20 papers out there that look at trading volume. I 05:22:55p
 21 just don't recall what the conclusions are. 05:22:58p
 22 Q. The famous Golf Pro article 05:22:59p
 23 allegedly of August or August 1, 1998, when was 05:23:03p
 24 that available to the market? 05:23:08p

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1 A. As I indicate in my report, it's 05:23:10p
 2 my opinion that it's available to the market on 05:23:16p
 3 August 1st. 05:23:19p
 4 Q. Well, surely you're not offering 05:23:19p
 5 an opinion on that now, Dr. James, are you? 05:23:21p
 6 A. Yes, I am. 05:23:23p
 7 Q. You might be making an 05:23:24p
 8 assumption, but you are offering -- are you an 05:23:26p
 9 expert with regard to when Golf Pro appeared in 05:23:29p
 10 1998? 05:23:32p
 11 A. I'm not representing myself to 05:23:33p
 12 be an expert in when Golf Pro appeared. I am 05:23:35p
 13 representing myself to be an expert in, first of 05:23:40p
 14 all, knowing what the publication date and the 05:23:43p
 15 convention of using publication dates. I 05:23:50p
 16 believe your own expert uses the publication 05:23:52p
 17 date as the date referenced in his chronology. 05:23:55p
 18 Second, I undertook an 05:23:59p
 19 investigation to determine whether there was 05:24:01p
 20 any evidence that suggests that the Golf Pro 05:24:03p
 21 article was available prior to the cover day 05:24:06p
 22 and concluded based on that analysis that 05:24:12p
 23 there was none. 05:24:14p
 24 Q. Okay. Do you know of any 05:24:15p

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1 evidence, apart from what you've put in your 05:24:16p
 2 reports, to indicate when that Golf Pro article 05:24:21p
 3 was available? 05:24:24p
 4 A. Yes. 05:24:26p
 5 Q. When? 05:24:26p
 6 A. In response to the Miller report 05:24:28p
 7 where he conjectures that it might have been 05:24:32p
 8 available earlier, I performed the following 05:24:37p
 9 test. Based upon communications that I'm aware 05:24:40p
 10 of between Cornerstone and the publishers of 05:24:46p
 11 Golf Pro, which is now not currently published, 05:24:53p
 12 they were unable to answer the question as to 05:25:04p
 13 whether it was available before or after the 05:25:05p
 14 cover price -- cover date. 05:25:08p
 15 So I conducted a Factiva search 05:25:11p
 16 between 1995 and 2000 in which I used the 05:25:15p
 17 keywords "Golf Pro magazine," and then I 05:25:22p
 18 looked at all of the articles that were 05:25:26p
 19 available on Factiva that reference Golf Pro 05:25:29p
 20 magazine and asked the question of whether 05:25:34p
 21 there was any reference in the public press to 05:25:36p
 22 a Golf Pro magazine article prior to the 05:25:41p
 23 stated publication date on the cover, and I 05:25:46p
 24 was able to identify several instances in 05:25:50p

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1 which there is a reference to a particular 05:25:53p
 2 issue of Golf Pro magazine, and all of the 05:25:57p
 3 references were after the publication date 05:26:01p
 4 which is consistent with -- which is 05:26:04p
 5 inconsistent with the conjecture by Mr. Miller 05:26:09p
 6 that the information was available to the 05:26:13p
 7 market prior to the cover date. 05:26:19p
 8 Q. Did you save those searches? 05:26:27p
 9 A. No. 05:26:29p
 10 Q. Did you communicate with your 05:26:30p
 11 office about providing to us information with 05:26:34p
 12 regard to the additional regressions you said 05:26:35p
 13 you would have? 05:26:38p
 14 A. I have -- it's not my office. 05:26:41p
 15 Q. Cornerstone. Whomever you had 05:26:43p
 16 to communicate with. 05:26:44p
 17 A. Yes, and the individual that is 05:26:46p
 18 available -- the individual who undertook that 05:26:53p
 19 analysis is not available, he's -- that's Amir 05:26:59p
 20 Rosen, and I believe he's attending a deposition 05:27:07p
 21 today. 05:27:10p
 22 Q. Not in this case? 05:27:11p
 23 A. Yes, I believe he's downstairs, 05:27:12p
 24 two stories down. 05:27:14p

65 (Pages 254 to 257)

EXHIBIT L

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IN RE: ADAMS GOLF, INC. : CONSOLIDATED
SECURITIES LITIGATION : C.A. NO. 99-371-KAJ

ORAL DEPOSITION OF BRIAN LANTIER

Monday, June 5, 2006

The oral deposition of BRIAN LANTIER was held at the Wyndham Syracuse Hotel, 6301 Route 298, East Syracuse, New York, from 12:00 noon to 4:59 p.m., before Cynthia A. Sanders, a Certified Shorthand Reporter in and for the State of New York and Registered Professional Reporter.

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1 130
2 marketplace.
3 I think some of the things that we wrote
4 here in August ultimately played out to the detriment
5 of Adams, that we were concerned about. Things like,
6 Orlimar really offering big rebates, leading better
7 placement in the golf shop. Callaway's product really
8 had some buzz in early August already, which surprised
9 us; I didn't think it was a very good club, and it
10 surprised me. And it clearly was a very successful
11 club in '99 and 2000, which we did not expect in 1998.
12 Q Let's back up a moment to when this began.
13 At page 27 you write: We have spoken with
14 a number of leading on-and-off golf shops in the U.S.
15 over the past three months.
16 Before we go on, this report was written
17 August 28?
18 A Um-hmm.
19 Q Three months before August 28 was May 28?
20 A Um-hmm.
21 Q When did the pro shops survey actually
22 begin?
23 A I don't remember the specific date, but
24 that sounds about right. Given the other timeline of
25 some of the meetings we had in April, the intensive

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1 131
2 due diligence would have occurred -- would have
3 started in May, June, time frame.
4 So it sounds like we were probably just
5 about right in starting our pro shop survey in the
6 middle to the end of May.
7 Q Was there an event in the underwriting
8 process that triggered the beginning of the pro shop
9 survey?
10 A I don't think so, I think it was more
11 seasonality. You know, we could have started earlier,
12 clearly in the spring, down south, but we wanted to
13 get a good cross section of the country, so we went
14 with the middle of May; people are going to be playing
15 golf everywhere by then.
16 Q Now, mechanically, when did you actually
17 start putting together this lengthy report?
18 A I can't recall the actual date, but we
19 would have started clearly before the date of the
20 first-call note, which was August 9th or something --
21 Q 4th?
22 A -- August 4th. We would have started
23 somewhere around that time frame and used that as the
24 general outline and then expanded from there.
25 Q When this was completed, how was it

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1 132
2 released?
3 A This also has a very specific procedure by
4 which it's released, and I can't recall exactly what
5 that procedure is. But it's also a time-sensitive
6 document that's released broadly to the firm and the
7 public at the same time. But I can't recall if it's
8 released electronically, all at once, or -- And
9 clearly, I'm sure it's changed since 1998, but I can't
10 recall how we released it.
11 I know that, again, it was not something
12 that was disseminated separately and then, you know,
13 to certain individuals or investors or anything. The
14 release of a report is something that is done to
15 insure fairness among all investors, so it would have
16 gone out to everyone at the same time.
17 Q Was there a hard copy mailing?
18 A There was a hard copy mailing. It would be
19 done not by the research -- Well, I'll take that
20 back. We had our own mailing list; I didn't maintain
21 one, I didn't have enough contacts to maintain a
22 mailing list. But Mr. Picchi would have a mailing
23 list, they would have received a mailing. The -- And
24 the individual salespeople handling institutions, as
25 well as individuals, would have handled their own

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1 133
2 mailing; but I don't know the mechanism of how that
3 worked.
4 Once it was printed and it came back from
5 the printer, then we were able to, you know, just --
6 It was then available to all the salespeople and to
7 all of our investors at the same time.
8 Q All right. Did it -- What significance
9 does the August 28th date have on this document?
10 A That was the date that it, I would assume,
11 went to the printer. Usually the print turn-around
12 time is less than a day, especially for a document
13 like this; it's relatively small.
14 Q And when, to the best of your knowledge,
15 was it first distributed?
16 A It probably was on the sales floor that
17 day -- I don't know if this is a weekday or weekend
18 or what date that is?
19 A That would have been the date that we
20 expected it to come back from the printer. It came
21 back, it appears on a Friday, when each individual
22 salesperson mailed it out is hard to say, because that
23 was something they handled themselves.
24 Q Was it electronically distributed on the
25 28th?

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1 134
2 A I don't believe at this time we were doing
3 electronic distributions, but I could be completely
4 wrong on that.

5 Q Was -- In addition to the report, itself,
6 was something put on a first-call note or summary
7 electronic form on that date?

8 A I don't believe so. The first-call note
9 would have been the down-sized version of this, the
10 August 4th note, because that was our initiation of
11 coverage, and this is just the extended version with
12 models.

13 Q Now, on the survey, itself, did anyone
14 other than you and Mr. Picchi make calls?

15 A In our research department; no, not that I
16 can recall. I don't know if the investment banking
17 group was still doing any due diligence at that point,
18 but in the research department -- And for the most
19 part, it would have been me making the calls. Bernie
20 may have attended -- listened in on some of the calls,
21 but for the most part, I was doing the pro shop
22 survey.

23 Q And you called between 50 and 100 --

24 A Yes --

25 Q -- stores?

Page 135

1 135
2 A Sorry.
3 Yes, I don't know how many responses we
4 would have gotten, but there were 50 to 100, and we
5 called them.
6 Q And did you call some of them more than
7 once over the three-month period that the survey was
8 conducted?

9 A I believe so, yes.

10 Q How did you keep the records straight?

11 A A lot of it was because they are subjective
12 answers; this is selling well, this isn't. It wasn't
13 something that you could say: Okay, you sold 38 Title
14 Lies, so we'll put that into a chart, and you sold 15
15 Warbirds; it was what's demand, what's good, bad,
16 different. Are people liking Orlimar? Is that
17 driving traffic? Do you like Orlimar? Do you like
18 the profit you're making off it? So it was a lot of
19 subjective questions and answers.

20 And I think you see that on our commentary
21 on the survey. That's what we used Golf Data Tech
22 for, because they had the physical numbers; ours was
23 more subjective in terms of what was working.

24 Q Did you make notes of your telephone calls?

25 A I would assume that we had notes of some

Page 136

1 136
2 sort, but I don't have the files, I don't know if
3 Lehman has the files.

4 Q Okay. When you made notes in those days,
5 did you do it on a computer or on a yellow pad or
6 something?

7 A For the most part it was handwritten.

8 Q And by the time you were finished with the
9 pro shop survey, what kind of collection of notes did
10 you have?

11 A I don't know. Every firm, every shop gave
12 you different amounts of information. Some might be
13 as simple as we're selling a lot of Orlimar, and you
14 might have made 50 calls and ended up with a page a
15 day, and some others might give you some valuable
16 information.

17 Q I'm just talking about the physical paper,
18 if you got a quick response from someone.

19 A Um-hmm.

20 Q I assume you would use a piece of paper to
21 jot it down?

22 A Yeah. I think that's safe to assume, but
23 there was no folder of pro shop survey results, that
24 was an inch thick or anything. There were probably a
25 few pages somewhere. But where they ever went, I have

Page 137

1 137
2 no idea.

3 Q Did you consciously ever throw them out?

4 A No. Like I said, when we resign it was
5 very much -- they packed up all my stuff that was
6 physically mine and mailed it to my new job, and that
7 was that.

8 Q Now, on page 27 -- And I just want to
9 focus on the paragraph, for the moment,
10 margins/pricing.

11 A Um-hmm.

12 Q You write: One concern that we should
13 report is that Adams, Title Lies are appearing in
14 Costco wholesale stores with increasing regularity.

15 What was the increasing regularity, in
16 general terms, that you're referring to there?

17 A I don't have a specific number to say they
18 were increasing from 20 stores to 50 stores; I don't
19 know what the numbers were, but we were hearing -- or
20 I was hearing of it more frequently. I don't know
21 what the increased frequency would be, but --

22 Q And how were you hearing of it?

23 A Again, through -- possibly from an investor
24 or from the pro shop survey.

25 Q Had you surveyed pro shops in the pacific

35 (Pages 134 to 137)

EXHIBIT M

10/19/98

Board Meeting Notes

Patchin, Casati, Murtland, Simpson, ~~B~~ Brewer
Conner, Brown, Mulvoy

Costco - why problem? Demand issue

1. Team of diversers, will not disclose sources
no legal redress to identify

Have strong indications - 50 clubs, 30 clubs

Think it's series of small buyers may be one
of our largest customers

#149 Letter from Edwin Watts - removes
retailers margin or holding margin consume
pay more.

What % of sales? Don't know - subjective on
magnitude

Callaway & Orlimar - w/ Callaway greater margin
on Adams (~~\$249~~ Steelhead; Orlimar ~~\$269~~)
30-35% margin $\$130-\135 after full rebate
 $\sim \$150$ pts. 50 pts.
Orlimar in Costco for \$199

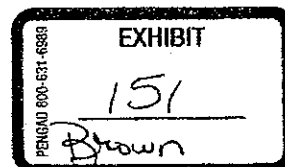
Mag of shortfall in Q4 - probably 20% purely
subjective

22 mm sales

revised to 18-19 mm w/ 12¢ per share

ADAMS 002238

Want numbers given prior to ^{during} roadshow - Pat thinks
they went out. May have had @ last board mtg.



<u>LB</u>	<u>FBW</u>	previous
21.993	20.7	Q4 estimates
19¢	14¢	

Q3 report

Reduction in sales 43.1.

Selling & Royalty exp. + 9.1.

costs

Q4/up

new IT infrastructure

creative/prod. drives info.

Bag promotion

Variables

Royalties

Bonuses & commissions

Incentive - mgs. level on up - discretionary, ^{based on mkt. #'s}

Travel expense - mktg, int'l.

~~Total~~

^{Costs} Budget seems very conservative - per P&L this budget will take a lot of work even @ this level.

Actions will have to be taken publicly to explain losses.

Budget does not reflect adjustments or conscious action to make up for decrease in sales

1999 - prof'l. svcs under \$1MM but \$600K for Q4 98? Significant IT expenses. Midwest Consultants - kind. employment

ADAMS 002239

18.1. add on for benefits.

Cosati - @ board mtg wants details

Is Q4 budget fixed? - Everyone in a key position

Selling: Royalty up 9.1 on 43.1. decrease
in sales

Increase in int'l sales costs add'l 5.1 ^{to} Faldo

Morale is an issue

Are incentives paid if loss of 2¢/share? No. exch
maybe at lowest level where \$ are ~~at~~ very
low.

Costed 20.1.

Where is 80.1?

Poor market conditions (same for competi-
tion)
Orlinar not as much

Callaway will show

Sales @ end of Q3 overloaded distributors

How much in sales @ 180-day terms? ^{about} 3 per Pd

Will it continue? If Callaway continues

How are you

Chip working on letter to customers

Orlinas still on upswing?

Retailers say, in 6-9 mos. they think Orlinas will crash big time.

Returns are high, pricing policy is catching up; Costco is hurting them.

Predict by mid- to end 1999 Orlinas will be non-issue. Did better job for about 90 days.

Callaway - think there are problems

10/8 memo - revenue 20-25% due to Costco
Were you aware of Costco problem when stock buy back was decided?

Wants board to meet when serious issues such as Costco come up

Femis - thinks we should not buy back until street has info.

Paul - what did ^{he} say? If we had knowledge that would go up, ^{should it go}

4/29 - LB Q4 decreased from 23¢ to 13¢

\$13mm will be a disaster

message on
Conf. call Friday - market ^{is very} soft; Costco makes it more difficult.

pg. 27 Ref. 8/28 LB analysts report outlining Costco issue

In Q3 were in selected Costcos

Q4 increased dramatically

(Find out how many Costcos)

Heard July/Aug - Pacific Northwest

did not know it was material

Aug promotion ^{also} counteracts Costco

On last few weeks - were in many stores

19c results - what will you say?

Q3 came out on very high end of adjusted expectations

Is there any way to show even 1c profit?

increase sales, decrease expenses

Rework #'s

Paul - Q4 budget - costs don't run w/ expected level of sales

All analyst reports should go to Board

Increasing D&O insurance - \$7.5mm currently
Met w/ carriers on Friday, ~~will have~~ ^{waiting for} quotes on
\$15, 20, 30, 40mm.

ADAMS 002242

• Bullish ① strong adv. program on TL

②

③ new drives (most technically superior but tough story to sell)

Non conversation?

Continuing to invest in R&D; ^{were on track to intro. in early 1999}
When ready?

Teaser campaign in January

Clear ack. of dist. channel

has created gray mkt. On track to resolving

§
will take thru end of year.

Make sure Joe hears prior to

Nick's name on new drives? & will participate in advertising

10/27 Tues. dinner

10/28 Wed. meeting

New adv. - can Board see Wed.?

Dinner mtg in closed room?

How is Bush progressing w/ R&D? Very hands on currently. Will he move to TX? Probably not.

\$350 - \$400:

Preview program ^{that's} about margin + working w/ retailers

Darl- fax conf. call # for Friday

ADAMS 002243